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Raisin Annual

2013

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Report Highlights:
Post forecasts Afghanistan's marketing year (MY) 2013/14 raisin production at 33,000 metric tons (MT), a 1.5 percent increase from the previous marketing year. The increase is due to a combination of sufficient water, minimal disease or pests, broader use of trellising systems for grape production and vines planted in 2010 coming into production for MY 2013/14. Post forecasts Afghanistan's raisin exports at 28,000 MT, a rebound from the previous year. MY 2012/13 saw imports by India plummet. Post predicts that exports to India will rebound, while exports to Europe, North America and Australia will continue to climb. Russia, the European Union and India remain the top destinations for Afghan raisins. Imports by the United States have seen a significant increase MY 2012/13, and Switzerland became a new market for Afghan raisins in June 2013.

Executive Summary:

Raisin production for MY2013/14 is projected to increase 1.5 percent to 33,000 MT. This growth is a result of both environmental and production practice factors. Overall, water was sufficient and disease and pests were minimal. New vines planted in 2010 will come into production this marketing year, and trellising is becoming more widely practiced. While national production is up, yield projections vary greatly by region. Disease and insufficient water hurt production in the northern provinces, and a March freeze will negatively affect production in Herat. Production is expected to be up in Kandahar, but quality will be low due to fungal infections that affected much of the crop. Eastern provinces are expecting increased production.

Farmers typically dry 20 to 25 percent of their grape crop; however, there are many factors that impact this decision. Regions where transportation is difficult or security is poor will dry a greater percentage to raisins. If transport into and through Pakistan is problematic after the grape harvest, more grapes will be dried into raisins.

Post forecasts that domestic availability of raisins will decline to more historic levels since the overall amount of product that is available will fall as exports to India resume. Exports are forecast to rebound to about 28,000 MT. This is a large increase from MY 2012/13 when exports did not reach predictions after exports to India fell to near zero from October 2012 to March 2013, reportedly due to inability to transport through Pakistan. Other sources report that the slowdown was based on contract issues. Russia, the European Union and India remain the leading destinations for Afghan raisins. Imports by India are expected to rebound and have seen some recovery starting in April 2013. The United States and Europe have emerged as growth markets, with U.S. imports of Afghan raisins significantly higher in the first three quarters of MY 2012/13 compared to MY 2011/12. Switzerland became a brand new market in June 2013, importing 1.46 MT of Afghan raisins.

The export process remains complicated and vague, with three different ministries playing a role in the process. However, the adoption of the global Codex standard for raisins has enabled Afghanistan to increase exports to destinations with strict standard enforcement.

Production:

Raisin production for MY 2013/14 is forecast at 33,000 MT. This increase from last marketing year is attributed to better production techniques and new production from vines planted in 2010, along with adequate water and minimal disease or pest issues. Post forecasts that 62,400 hectares of grapes have been planted in MY 2012/13, an increase of about 700 hectares from the previous marketing year. The establishment of new commercial vineyards and trellis systems and restoration and improvement of existing vineyards through assistance provided by the international community is largely responsible for this increase.

Grapes are grown throughout Afghanistan and the top five producing provinces are scattered around the country. Two of the top five producing provinces are in the Shamali Plain (Kabul and Parwan Provinces) followed by Zabul in the south, Faryab in the north and Ghazni in the eastern part of the country.

While overall production of both grapes and raisins is expected to increase, there are significant regional differences in current yield projections. In the northern provinces of Balkh, Faryab, Jowzjan, Samangan and Sar-e Pul estimates are for a 20 percent reduction in yield as a result of insufficient water, diseases such as powdery mildew and anthracnose, and mealy bugs. In Herat (west), a March freeze damaged vines, leading to a projected 20 percent decrease in yield. Conversely, grape production in Kabul and Ghazni provinces and other central/eastern provinces is projected to increase following good weather conditions and minimal disease. Yield is also predicted to be flat or up slightly in the southern provinces of Kandahar and Zabul despite large portions of the grape crop being affected by fungal infections of powdery mildew, botrytis and anthracnose.

Afghan farmers use 20 to 25 percent of their grape harvest for raisin production. Total grape production has been reported by the Central Statistics Organization of Afghanistan as totaling 492,464 MT in 2011/12 and estimated at 590,000 MT in 2012/13. It should be noted that the revised 2011/12 production figure appears to be the first year that production was not estimated using a uniform (10 MT/hectare) yield calculation. Using the standard grape to raisin conversion ratio of 450 kilograms (kg) of grapes to produce 110 kg of raisins, an estimated 136,700 MT of grapes will be used for raisin production during MY 2013/14, yielding about 33,000 MT of raisins.

The percentage of grapes dried into raisins varies greatly by year and by region. Areas where transportation is more difficult will dry more grapes simply because of the challenges of getting fresh grapes to market. For example, in Sar-e Pul and Faryab, farmers may dry as much as 50 percent of their grape crop to raisins; whereas, Uruzgan, Samangan and Balkh provinces will dry only about 10 percent of their grape harvest. Security also plays a factor. If security is bad, more grapes will be dried to be held until they can get to market. The recent fungal infections in Kandahar will result in poor quality grapes at harvest. This is expected to lead to a greater proportion of the grape harvest being dried for raisin production. While the poor quality of the grape will show in both the fresh and raisin markets, it impacts raisins less than fresh grapes.

Historically, the primary market for Afghan grapes was raisins, but due to higher prices for fresh grapes and the opening of new markets for grapes in India and Pakistan, farmers now prefer to sell fresh grapes.

The drying process in Afghanistan is carried out two ways: sun drying and shade drying. Green raisins are dried in shaded, ventilated houses (Kishmish Khana), while red, black, and yellow raisins are sun dried on rooftops and the ground. After the drying process, raisins are swept up from the ground and bagged. The final product has a moisture content of 12 to 13 percent. Raisin production tends to track or follow grape production closely each year.

Consumption:

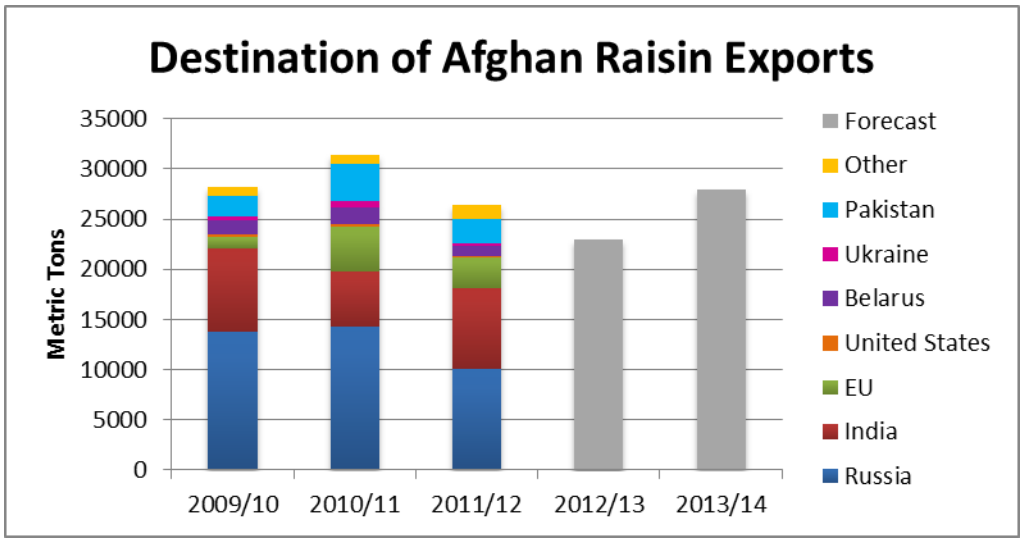
Due to scarcity of statistics Post uses the consumption forecast to reflect domestic availability. This figure is derived from subtracting export data from total production estimates. As a result the consumption figures show significant swings from year to year. There is likely some short-term storage of raisins but amounts are difficult to quantify. As a result, the domestic consumption numbers reflect both consumption and stocks.

The demand for raisins in Afghanistan increases during holidays such as Nawrooz (lunar new year, March 21), Eid al-Fitr (end of the Islamic fasting month of Ramadan) and Eid al-Adha (Islamic feast of the sacrifice). Food industry utilization (e.g., bakeries and confectionaries) is limited in Afghanistan with the majority of raisins being consumed directly by consumers. Green raisins are preferred in the domestic market more than red raisins.

Trade:

Post forecasts MY 2013/14 raisin exports at 28,000 MT, a substantial increase from last year based on the expansion of new markets for Afghan raisins in Europe, the United States and Australia and the expected recovery of exports to India. Exports to India plummeted after October 2012 due to problems with transportation through Pakistan. While MY 2011/12 saw 7,997 MT imported by India, by April of MY 2012/13, only 1,157 MT had been imported. However, in April the export market to India started to show signs of rekindling. Russia and India continue to be top export markets because of regional proximity and because the reputation of high quality raisins from the 1970s lingers in consumers' minds.

The United States, European Union and other destinations with strict standards enforcement are complicated export destinations for Afghan raisins because of poor quality and lack of adherence to international food safety standards by processors. However, the implementation of international Codex standards for raisins has increased the ability to market to such places. The United States has emerged as an importer of Afghan raisins in MY2012/1313, having imported 445 MT in the first three quarters. Afghanistan exported only 122.6 MT to the United States in all of MY2011/12. Post predicts that this will continue on an upward trend. The European Union continues to be a growth market, although exports to European countries outside of the European Union have seen significantly more growth than the European Union itself. Belarus is a major market for Afghan raisins, importing 439.9 MT in the first three quarters of MY2012/13. Ukraine imported 389.25 MT in the same period. While not yet considered a major market, Australia has already seen imports of Afghan raisins quadruple this market year – from 20.7 MT in MY 2011/12 to 85.2 MT in the period from October 2012 to May 2013.



*Source: Global Trade Information System (*Raisin exports to Pakistan based on data from the Central Statistics Organization and the Afghan Raisin, Fruits, and Vegetable Promotion Administration).*

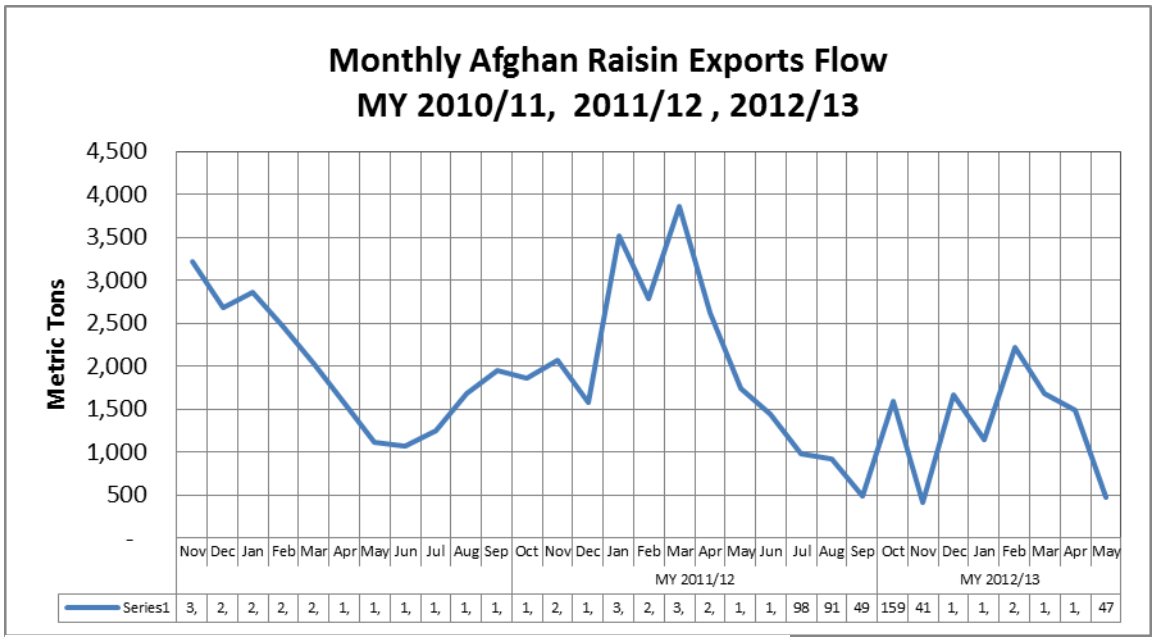
There is no reliable data source for raisin exports to Pakistan. However, based on estimates from the Afghan Raisin, Fruits, and Vegetable Export Promotion Administration (ARF&VEPA), raisins exports to Pakistan range from 2,000 MT to 4,000 MT per marketing year. Data from the Central Statistical Organization of the Government of the Islamic Republic of Afghanistan supports exports in that range but is not broken down by month. Illegal exports to Pakistan, which skirt taxes, are a major issue affecting the raisin industry.

Table 1. Afghanistan: Raisin Exports Statistics

Afghanistan Export Statistics: 080620, Grapes, Dried *Marketing Year: October/September*							
Partner Country	Unit	MY 2009/10	MY 2010/11	MY 2011/12	*8 months* Oct-May 2011/12	*8 months* Oct-May 2012/13	% Change
Russia	MT	13,721	14309	10,050	8,525	7,182	-8
India	MT	8,316	5458	7,998	7,116	1,157	-84
European Union	MT	1,234	4,413	3,131	2,689	724	-73
Pakistan*	MT	2,000	3,700	2,500	2,000	3,000	20
Belarus	MT	1,468	1,701	957	851	440	-48
Ukraine	MT	370	582	285	126	389	308
United States	MT	183	267	123	100	445	445
Other countries	MT	939	1,005	1,331	568	41	-92
Total	**MT**	**28,231**	**31,435**	**26,375**	**21,975**	**13,378**	**-40**

*Source: Global Trade Information System (*Raisin exports to Pakistan estimated based on data from the Central Statistics Organization and Afghan Raisin, Fruits, and Vegetable Promotion Administration).*

Different raisin varieties have different export destinations. Green raisins have a strong market in India and Pakistan, while red raisins are exported to Russia and Eastern Europe. Seedless black raisins from the Sanchark district of Sar-i-pul Province have a strong demand in the United States and Europe.



Source: Global Trade Information System (excludes exports to Pakistan).

Policy:

The development of production and post-harvest commercialization of key horticultural crops, including raisins, is included in the National Comprehensive Agriculture Production and Market Development Program of the Government Islamic Republic of Afghanistan (GIRoA). This is part of the National Priority Program Two (NPP). The inclusion of a plan to enhance these sectors by 2015 carries more weight due to the commitments under the 2012 Tokyo Mutual Accountability Framework. As part of TMAF the international donors committed to aligning 80 percent of their assistance programs with the priorities of the NPP. While not singling out grapes/raisins, for the horticulture sector as a whole, the NPP puts the focus on applied and adaptive research systems to promote technology development, improved extension services to improve production techniques, identification and adoption of improved varieties, establishment of post-harvest and commercialization systems, improved market information, and strengthening of community and agricultural organizations. Programs that assist in reaching these goals will receive high priority from GIRoA in general and the Ministry of Agriculture, Irrigation and Livestock (MAIL) in particular.

Three GIRoA ministries play an important role in the export of Afghan raisins, creating a number of impediments to the free and expeditious export of raisins. These ministries include the Afghan Raisins, Fruits, and Vegetables Export Promotion Administration (ARF&VEPA) under the Ministry of Commerce and Industry, the Quarantine Department of MAIL, and the Ministry of Finance.

Beginning in MY 2012/13 the Afghan Government began implementing Codex Standard 67-1981 for Raisins. Using the new standard, raisins are sorted into a greater number of categories, and the certificate provided states the product meets the Codex standard. Adhering to these international standards has greatly opened up markets in Europe, North America and Australia.

When raisins consignments are ready for shipment exporters must include the following documentation for export:

1. Phytosanitary Certificate from Ministry of Agriculture, Irrigation, and Livestock
2. Form A (Export Tax Exemption Form) issued by Ministry of Finance
3. Transit Form (Transit Permit) issued by Ministry of Commerce and Industry
4. Raisin Quality Certificate (meeting Codex Standard 67-1981) issued by Afghan Raisin, Fruits & Vegetable Export Promotion Administration under the Ministry of Commerce and Industry

Raisin Processing Industry:

One of the major constraints facing the Afghan raisin industry is the drying process as it predominately occurs in conditions that produce raisins not suitable for export to countries with high food safety standards. Green raisins are produced in Kishmish Khana, a mud room built from mud bricks and wood sticks. The grapes are placed in the Kishmish Khana for one month to shade dry. Green raisins are rarely processed further and are mostly exported without processing to Pakistan and India. Red raisins are produced from grapes that are left over after fresh grapes are exported or shade dried.

Red raisins, which have a greater export market value, are produced after fresh grapes and shade dried raisins. Afghan farmers prefer to sell fresh grapes and shade dried raisins first because they are easily sold on the domestic market. Aftabi raisins are dried in minimal space without a protective mat or sheet and are often mixed with dust to reduce the drying period. These drying techniques results in poor quality raisins that cannot compete on the global market. These types of raisins often need double washing to make them competitive in countries with high food safety standards. The quality of Kishmish (green raisins) can be improved if the grapes are washed before shade drying. The quantity of green raisins can be increased by reducing the drying period and using chemical solutions.

Residues are a major problem for raisin exporters. Afghan grape growers traditionally overuse pesticides leaving residue which will not pass inspection in countries with high food safety standards.

Prior to the Soviet invasion there were more than 30 raisin processing factories in Afghanistan, but most of these factories were destroyed or discontinued during the conflict and civil war. Most factories operating today use processing equipment that is more than 40 years old and antiquated packaging techniques. Currently, raisin processing factories only process red raisins for commercial export to regional markets. Raisins exported to Pakistan or the United Arab Emirates (U.A.E.) are not going through commercial processing in Afghanistan but are instead processed in Pakistan or the U.A.E. to be exported to third countries.

There is one modern raisin processing factory in Afghanistan which has modern raisin processing equipment. Processing includes washing the raisins twice, passing them through a scanner where waste (stems and foreign matter) is removed, and then sorting the raisins by hand and sending them through an

X-ray machine before being sprayed with paraffin and packed in boxes for export. The process produces raisins which are exported to Russia, the Middle East, and the European Union.

Production, Supply and Demand Data Statistics:

Table 2: Production, Supply and Demand

Raisins Afghanistan	**2011/2012**		**2012/2013**		**2013/2014**	
	Marketing Year Begins: Oct 2011		Marketing Year Begins: Oct 2012		Marketing Year Begins: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (HA)	0	61,558		61,690		62,400
Area Harvested (HA)	0	0		0		0
Beginning Stocks (MT)	0	0		0		0
Production (MT)	34,000	30,100	34,000	32,500		33,000
Imports (MT)	0	0		0		
Total Supply (MT)	34,000	30,100	34,000	32,500		33,000
Exports (MT)	30,000	26,375	30,000	23,000		28,000
Domestic Consumption (MT)	4,000	3,725	4,000	9,500		5,000
Ending Stocks (MT)	0	0	0	0		0
Total Distribution (MT)	34,000	30,100	34,000	32,500		33,000